

Opening Statement  
**Chairman Michael G. Oxley**  
**House Committee on Financial Services**

**“Terrorist Financing:  
A Progress Report on Implementation of the USA PATRIOT Act”  
September 19, 2002**

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Director Mueller, the Committee welcomes you and later on will welcome Treasury Deputy Secretary Dam and Under Secretary of State Larson. Disrupting terrorist’s financing is an issue of utmost importance and we appreciate your being here today.

A year ago last Wednesday our nation suffered its worst-ever attack. The President and Congress immediately began work on a number of fronts, including an effort to strangle the money supply that fuels international terrorists.

The President expanded the government’s ability to block and freeze assets and transactions of terrorists and terror organizations. One month after the attacks, this Committee passed the most far-reaching anti-money laundering legislation in more than two decades aimed at giving the government even more tools to disrupt terror financing and to stop the laundering of money from other illegal activities. The USA PATRIOT Act, was signed into law by President Bush October 26, and it’s a source of great pride for this Committee.

Mr. Director, as you well know, that effort was only the beginning of the job. Some of the first arrests with the new powers laid out in the Act came just three days after the signing, in Boston and in Minnesota and in Ohio. But the legislation laid out a strict timetable under which the Treasury Department was to promulgate regulations spelling out the way financial institutions and a broad array of other businesses in this country were to carry out their new duties. It was a Herculean task, and we have closely monitored the process.

Now, with the issuance yesterday of three final sets of regulations and two proposed regulations, the regulatory work on these new tools to stop dirty money is largely done. I think we can now all step back, applaud the hard work Treasury has performed in drafting the regulations and FBI and others have done in applying them.

Looking forward, we must ask if there are other holes we must plug? Did we ensure that the extra burdens we placed on business are rewarded with the sure knowledge that more dirty and terror money is being stopped? Have the terrorists and traffickers regrouped to move their assets into other channels, and can we devise new ways to stop it?

I think the answer to all of those questions is yes, Mr. Director. The Administration has seized more than \$34 million, and worldwide, more than \$112 million has been seized. However, a United Nations report that will be released today says that the terrorists still have access to sizeable chunks of money, and reports have indicated that they have transformed cash into commodities, from heroin to gold, and are moving and using it in that form to fund their efforts. Mr. Director, this is good news. It means the PATRIOT Act is working, squeezing bad money out of the system and into forms that are harder to move and easier to interdict.

Mr. Director, we look forward to your report on the FBI's successes at stopping or interrupting terrorist financing mechanisms, and we are interested to know if you have identified any new tools you need, or changes you believe are necessary in the Act to make it more effective.

I also hope Deputy Secretary Dam will fill us in on the Secret Service's successes on stopping counterfeiting of U.S. currency, using the new tools on that front from the PATRIOT Act, and on whether passage of the bill by the gentleman from New York, Mr. King, that would authorize the Bureau of Engraving and Printing to print currency for other countries, would help strengthen their economies and help squeeze out terrorism. That language also was part of the House anti-money-laundering legislation, but fell out in conference.

Mr. Director, we thank you for your time.